



Department of Justice

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THURSDAY, MAY 27, 2004
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(202) 514-2007
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MICHIGAN SCRAP METAL DEALER AGREES TO PLEAD GUILTY TO DEFRAUDING NINE SUPPLIERS

Sturgis Iron & Metal Agrees to Pay a \$206,000 Criminal Fine and \$59,000 in Restitution to Victims

WASHINGTON, D.C.— Sturgis Iron & Metal Co. Inc. agreed to plead guilty today to mail fraud in connection with a scheme to defraud nine of its scrap metal suppliers, the Department of Justice announced. Under the plea agreement, which is subject to court approval, Sturgis Iron & Metal has agreed to pay a \$206,000 criminal fine and to pay an additional \$59,000 in restitution to its victims.

The mail fraud charge against Sturgis Iron & Metal, a Michigan corporation with seven facilities throughout Michigan and Indiana, was filed in U.S. District Court in South Bend, Indiana. Sturgis Iron & Metal is charged with shortweighing, an industry term used when misrepresented weights are used to pay the supplier or customer. The shortweighing involved the South Bend facility and the headquarters in Sturgis, Michigan between 1995 and 2000. Sturgis Iron & Metal is among the 20 largest scrap metal companies in the United States, and scrap metal is a multibillion dollar industry nationally.

Scrap metal dealers purchase the waste metal generated by businesses such as industrial manufacturers and stamping plants. They then sort and process the metal and resell it to end users such as mills and foundries, or even to larger dealers. Often suppliers who sell to scrap

metal dealers do not own their own scales, which makes them vulnerable to shortweighing schemes.

According to the charge, this scheme involved reprinting tickets generated by the scales Sturgis Iron & Metal used to weigh scrap metal from its suppliers. The scales weighed accurately, but Sturgis Iron & Metal employees replaced the accurate tickets with ones they reprinted to reflect lower weights. Sturgis Iron & Metal then mailed the reprinted tickets, and checks that were based on the lower weights, to its suppliers.

Sturgis Iron & Metal is charged with mail fraud in violation of 18 U.S.C. § 1341, which carries as a maximum penalty the greatest of a \$500,000 fine, twice the gain derived from the crime, or twice the loss suffered by the victim(s) of the crime.

Today's charge resulted from the Antitrust Division's ongoing investigation of the scrap metal industry being conducted by its Cleveland Field Office, with assistance from the U.S. Attorney's Office in South Bend.

Anyone with information concerning antitrust or shortweighing violations in the scrap metal industry should contact the Cleveland Field Office of the Antitrust Division at 216-522-4070.

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